
Press Release

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Leclanché convenes an extraordinary general meeting and plans capital increase

- **The Board of Directors of Leclanché convenes an extraordinary general meeting on 8 November 2011, at which the shareholders of Leclanché SA will be asked to approve an ordinary share capital increase as well as the creation of conditional capital in order to raise up to CHF 28 million.**
- **The funds will be used to finance the final phase of commissioning the new mass production line for large format lithium-ion cells, its adaptation to larger lithium-ion cells type 17.300, as well as other costs related to its ramp-up, and to increase the company’s working capital in connection with the expansion of its production capacity and for general corporate purposes.**
- **Leclanché intends to enter the growing market of energy storage at industrial scale with a “container” solution. For such applications, Leclanché will be using specifically suited larger format lithium-ion cells (type 17.300)**
- **As a result of using larger cells of type 17.300, the output of the new production line will increase from an annual electrical storage capacity of 40 MWh per year to up to 76 MWh per year. Construction of the new production unit, planned to start serial production by the end of Q2 2012, is on-going and on track.**

Yverdon-les-Bains, 18 October 2011 - Leclanché SA (SIX Swiss Exchange: LECN), specialized in the production of large-format lithium-ion cells and energy storage solutions, today announces that the Board of Directors convenes today an extraordinary general meeting on 8 November 2011 in Yverdon-les Bains, at which the shareholders of Leclanché SA will be asked to approve an ordinary share capital increase as well as the creation of conditional capital leading to an inflow of funds in the amount of up to CHF 28 million. The funds will be used to finance the final phase of commissioning the new mass production line for large format lithium-ion cells, as well as other costs related to its ramp-up, and to increase the company's working capital in connection with the expansion of its production capacity and for general corporate purposes. The planned capital increase will primarily be based on the existing authorized capital of 1'617'925 shares, while the ordinary capital increase tranche is used to provide the Company with additional flexibility in the offering process.

The planned funding will also allow Leclanché to adapt its new one million cell mass production unit for a larger cell format (type 17.300), which will increase its output from an annual electrical storage capacity of 40 MWh per year to up to 76 MWh per year. Construction of the new production unit, planned to start serial production by the end of Q2 2012, is on-going and on track.

Using notably the larger 17.300 format lithium-ion cells Leclanché intends to also expand its product portfolio beyond its home storage solution by adding an industrial "container" storage module for the growing market of large storage solutions.

"The planned capital increase is a requirement to pursue our industrial development and take advantage of upcoming market opportunities," said Rolf Eckrodt, Chairman of the Board of Directors. *"Energy storage will be crucial for the large-scale deployment of fluctuating renewable energy worldwide, especially after the decision of several governments to phase out nuclear energy. Following our agreement with Schüco, a German company with sales of € 2.3bn in 2010 and one of the market leaders in solar energy, to enter the emerging stationary home market, we believe that there are also market opportunities and needs to provide energy storage for utilities and other power stations,"* he added.

Rolf Eckrodt concluded, *"The use of the new and larger format cells and the resulting upgrade of Leclanché's planned mass production line from 40 to 76 MWh annual capacity is a logical consequence of the significant progress made by the Company this year on the commercial, technological, and production fronts. It reflects as well the fundamental macroeconomic trend in favour of renewable energies such as wind and solar, requiring new solutions to store energy. The time to enter this new market is now, before the best lots are claimed."*

The industrial storage solutions actually at the final specification phase will consist of large containers accommodating about 7000 Leclanché lithium-ion cells for a total capacity of approximately 500 kWh per container. For this, Leclanché will be using larger format (type 17.300) lithium-ion cells with titanate anodes, which allow high cycle lifetime of up to 15.000 cycles and contain a patented ceramic separator as an additional safety element. The manufacturing of larger format Titanate lithium-ion cells will substantially increase Leclanché's installed annual production capacity from 40 to 76 MWh. Industrial storage solutions can be used not only by energy users such as plants and other commercial customers but also by energy utilities and grid operators themselves.

The Company has until now implemented all the necessary steps in order to set up the new mass production unit in Willstätt in Germany. While the ground-breaking for a new building for cell formation took place in early October 2011 the first machines of the new line are expected to be delivered by the

end of the year. Leclanché expect to commence serial production of the larger cell format by the end of the second quarter of 2012 as previously announced.

The mass production unit will integrate a newly developed environmentally-friendly production process, which uses water instead of solvents in the production of electrodes required for the production of lithium-ion cells.

Financing to be provided by a rights offering

The Company intends to increase its share capital by way of a discounted rights offering which will be structured such that shares and shareholder options will be offered together as units consisting of one share and one shareholder option, at the offer price. Holders of shareholder options will have the right to subscribe for new shares at a price, at an exercise ratio and during an exercise period as determined by the Board of Directors in the terms of the offering.

The Company intends to raise up to CHF 28 million from the rights offering. The invitation to the extraordinary general meeting to be held on 8 November 2011 and the relevant resolutions to be considered in connection with the rights offering will be sent to shareholders and are published today, 18 October 2011, in the Swiss Official Gazette of Commerce. The proposed offering is subject to approval by the extraordinary general meeting.

The shares sold in the rights offering will be issued by way of an ordinary capital increase proposed to the extraordinary general meeting and in a capital increase based on the Company's existing authorised capital. The ordinary capital increase tranche is used to provide the Company with the flexibility in the offering process. If the offering is expected to meet its target, the board of directors may consider to withdraw the proposal for an ordinary capital increase.

The shares underlying the shareholder options will be issued from conditional capital. In connection therewith, the board of directors of Leclanché proposes to create a conditional capital in the maximum amount of CHF 6'471'700 by issuing a maximum of 1'294'340 fully paid-in registered shares with a nominal value of CHF 5.- each. Because pursuant to mandatory Swiss corporate law provisions, conditional capital cannot exceed 50 per cent of the current registered share capital of the Company of CHF 16,179,250, the board of directors proposes to decrease the existing conditional share capital reserved for the issuance of employee options by CHF 76,075 and delete the existing conditional capital pursuant to article 3 quinquies of CHF 6,395,625 reserved for the issuance of bonds or similar debt instruments.

In connection with the ordinary capital increase, the Board of Directors proposes the issuance of a maximum of 750'000 new registered shares with a nominal value of CHF 5 each which will increase the share capital of the Company by a maximum nominal amount of CHF 3'750'000 to a maximum of CHF 19'929'250.

About Leclanché

Leclanché specializes in the production of tailor-made energy storage solutions and is a leading manufacturer of large-format lithium-ion cells in Europe. Through a unique, patented ceramic separator technology for increased thermal safety, the core element of lithium-ion cells, Leclanché is capable of manufacturing cells with above-average safety features and a significantly increased life in an automated production process. The Company's core markets are industries that have the highest demands on energy storage systems. They include energy storage solutions, which allow better utilization of the power supply system, large hybrid diesel engines and electric vehicles.

Leclanché currently operates a fully automated pilot production line for large format lithium-ion cells with a theoretical annual maximum capacity of up to 4 MWh. To prepare for an increase in demand, Leclanché is currently in the process of expanding its production capacity by setting up a new production line for large format lithium-ion cells with a theoretical annual maximum capacity of up to 76 MWh.

Leclanché was founded in 1909 in Yverdon-les-Bains, Switzerland. Through the integration of a spin-off from the Fraunhofer-Gesellschaft in 2006, the Company developed from being a traditional battery manufacturer to becoming a leading developer and manufacturer of lithium-ion cells in Europe. Leclanché currently employs 110 staff and recorded revenues of CHF 15.05 million in 2010. The Company has its headquarters in Yverdon-les-Bains and has production facilities in Willstätt, Germany. Leclanché is listed on the SIX Swiss Exchange (LECN).

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